

263



**ANNUAL  
REPORT**

F O R   T H E   Y E A R   E N D E D   D E C E M B E R   3 1

**1 9 6 5**







**ATLANTIC COAST COPPER CORPORATION**  
L I M I T E D

APR 22 1966

**ANNUAL  
REPORT**

**1965**



# ATLANTIC COAST COPPER CORPORATION L I M I T E D

## ANNUAL REPORT

### AUTHORIZED CAPITALIZATION

5,000,000 shares without par value.

### DIRECTORS

M. J. BOYLEN, D.C.L., D.Sc. - - - - Toronto 18, Ontario  
JAMES A. BOYLEN - - - - - Malton, Ontario  
ROBERT W. DEMPSEY, D.E., P.Eng. - - - - Islington, Ontario  
J. BARRY O'BRIEN - - - - - Ottawa 4, Ontario  
GORDON F. PUSHIE - - - - - St. John's, Newfoundland



### OFFICERS

M. J. BOYLEN, D.C.L., D.Sc. - - - - - *President*  
J. BARRY O'BRIEN - - - - - *Vice-President*  
GORDON L. MOORE - - - - - *Secretary-Treasurer*  
CHARLES B. BRANNIGAN - - - - *Assistant Secretary-Treasurer*

### EXECUTIVE OFFICE

SUITE 908 - 330 BAY STREET - - - - - Toronto, Ontario

### MINE OFFICE

LITTLE BAY - - - - - Newfoundland

### TRANSFER AGENT AND REGISTRAR

GUARANTY TRUST COMPANY OF CANADA  
366 Bay Street, Toronto, Ontario

### AUDITORS

MCDONALD, CURRIE & Co. - - - - - Toronto, Ontario

## DIRECTORS' REPORT

### TO THE SHAREHOLDERS:

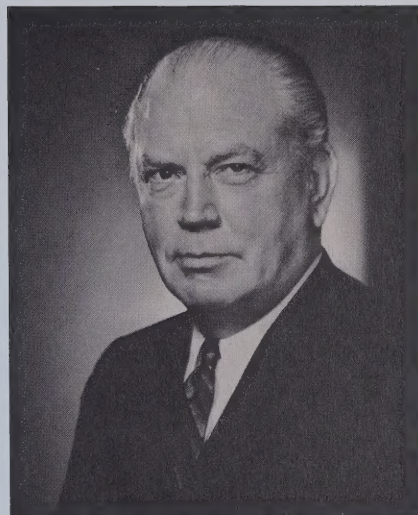
Your Directors take pleasure in submitting herewith the Ninth Annual Report of your Company for the year ended December 31, 1965.

The year's mining operations resulted in one of the best performances since the start of operations. Although the tonnage treated — 800 tons per day — was lower than in previous years, ore grade was higher at 1.101 percent copper. This, coupled with improved metal recovery and the higher price for copper, resulted in an operating profit of \$750,445.00.

Comparative figures for the period under review and the preceding year, dealing with revenue, costs and profits are shown in the financial statements elsewhere in this report. Complete production data and unit costs are contained in the Mine Manager's Report.

Major improvements in the surface mining plant were effected during the year with the conversion to a larger headframe and a new mine hoist. Further improvements are contemplated for 1966 with the installation of underground primary crushing. The combination of these new facilities will tend to increase mine productivity and efficiency which in turn will reflect higher profits.

Ore production during 1965 was confined mainly to the 1,150' level. Currently mill feed is largely coming from the 1,350' level where we expect a reduction in the



M. J. BOYLEN, D.C.L., D. Sc.





amount of dilution and consequently an increase in ore grade.

Development and stope preparation on the 1,500' level is well in progress. Tonnage and grade at this horizon are equal to, or better than, mine average.

On the completion of the current shaft sinking programme in May 1966, two new levels — 1,650' and 1,800' — will be available for exploration and development. Although not definitely scheduled at this date it is very likely that shaft deepening will be resumed as soon as possible in order to expand the ore reserves and afford longer range planning.

The outlook for profitability of the company in 1966 is very bright indeed. An indication of this is shown by the first two months of operation which earned an estimated operating profit at the mine of \$284,000.00 before application of depreciation and pre-production write-off.

Your Directors wish to acknowledge with appreciation the competent and loyal services of Mr. Basil L. Jackson, Mine Manager, and his staff and employees.

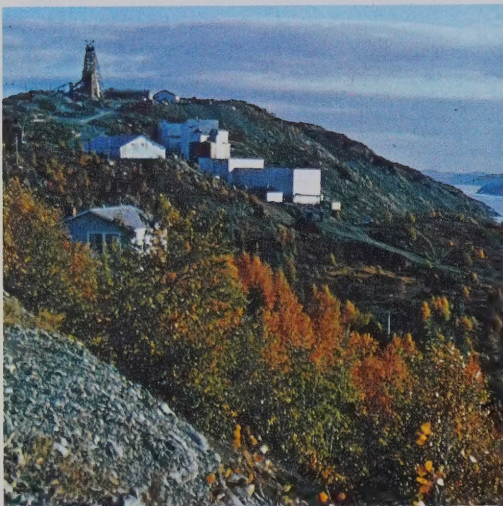
We wish also to thank the various departments of the Newfoundland Government for their continued co-operation and assistance given to the company's mining operation over the years.

On behalf of the Board,

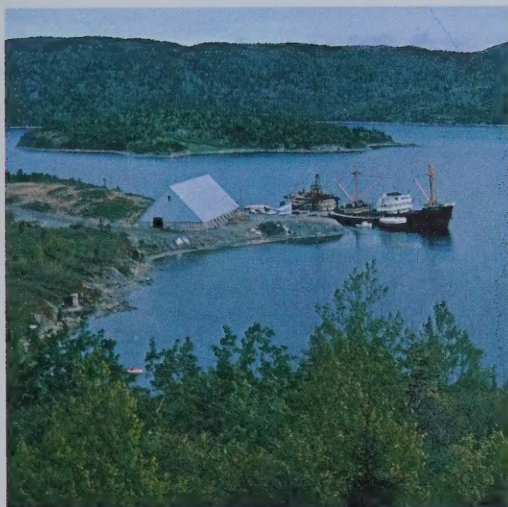
*M. J. Boylan*

President.

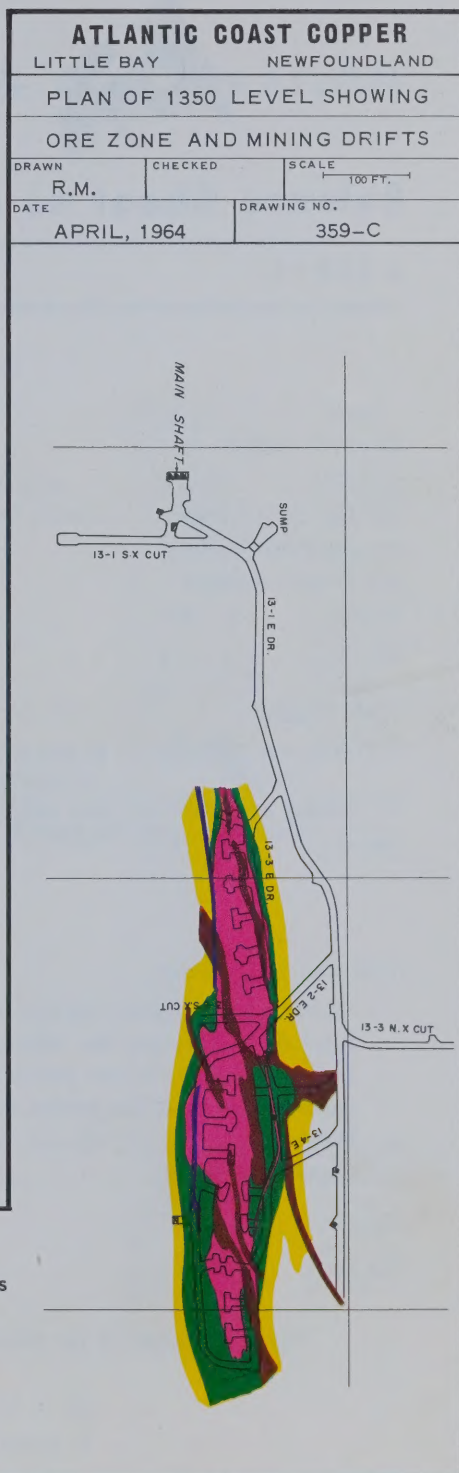
Toronto, Ontario.  
March 29, 1966.



General view of mine and plant.



Copper concentrates storage and ship loading facilities.



#### LEGEND

- Undifferentiated Volcanics
- Chlorite Schist
- Ore
- Diorite
- Trapdyke





## Balance Sheet as at December 31, 1965

### ASSETS

	1965	1964
	\$	\$
<b>CURRENT ASSETS</b>		
Cash .....	5,116	2,064
Net estimated amount receivable from sale of copper concentrates ..	862,877	564,759
Accounts receivable .....	31,829	11,494
Prepaid expenses .....	16,867	27,227
	<u>916,689</u>	<u>605,544</u>
<b>FIXED ASSETS</b>		
Plant and equipment — at cost less accumulated depreciation (note 1) .....	1,290,571	1,356,703
Mining property — at value ascribed to 1,000,000 shares issued as consideration for the property with subsequent additions at cost	615,722	615,895
	<u>1,906,293</u>	<u>1,972,598</u>
<b>DEFERRED EXPENDITURE</b>		
Materials and supplies — at cost .....	213,151	224,784
Preproduction expense, less amortization .....	573,126	865,149
Deferred development, less portion written off .....	120,794	135,766
Outside exploration, less portion written off .....	24,413	22,079
Debenture discount and expenses, less amortization .....	71,674	87,601
Organization expense .....	—	3,170
	<u>1,003,158</u>	<u>1,338,549</u>
	<u>3,826,140</u>	<u>3,916,691</u>

Signed on behalf of the Board:

M. J. BOYLEN, Director.

J. BARRY O'BRIEN, Director.



# ATLANTIC COAST COPPER CORPORATION

LIMITED

## LIABILITIES

	1965 \$	1964 \$
CURRENT LIABILITIES		
Bank advances — secured by guarantee of two major shareholders . .	399,535	716,232
Accounts payable and accrued liabilities . . . . .	156,696	237,698
5% demand loan from a shareholder . . . . .	60,000	110,000
Taxes payable . . . . .	6,883	3,196
Current portion of long-term debt . . . . .	200,000	200,000
	<u>823,114</u>	<u>1,267,126</u>
LONG-TERM DEBT		
5% loan from a shareholder due June 1, 1968 . . . . .	237,498	237,498
6¼% sinking fund debentures due July 4, 1970, less current portion (note 2) . . . . .	1,100,000	1,300,000
	<u>1,337,498</u>	<u>1,537,498</u>

## SHAREHOLDERS' EQUITY

CAPITAL STOCK		
Authorized —		
5,000,000 shares without par value		
Issued and fully paid —		
4,200,000 shares (note 3) . . . . .	3,240,000	2,640,000
DEFICIT . . . . .	1,574,472	1,527,933
	<u>1,665,528</u>	<u>1,112,067</u>
	<u>3,826,140</u>	<u>3,916,691</u>

# ATLANTIC COAST COPPER CORPORATION LIMITED

## Statement of Deficit

For the Year Ended December 31, 1965

	1965 \$	1964 \$
BALANCE — BEGINNING OF YEAR .....	1,527,933	814,011
Net loss for the year .....	43,369	713,922
Organization expense written off .....	3,170	—
BALANCE — END OF YEAR .....	<u>1,574,472</u>	<u>1,527,933</u>

## Statement of Earnings

For the Year Ended December 31, 1965

	1965 \$	1964 \$
MINE OPERATIONS		
Revenue —		
Copper concentrate production .....	2,607,772	1,857,410
Less: Marketing expenses .....	481,063	406,215
	<u>2,126,709</u>	<u>1,451,195</u>
Net earnings from custom milling operations .....	—	1,449
	<u>2,126,709</u>	<u>1,452,644</u>
Operating expenses —		
Mining .....	753,967	731,398
Milling .....	433,500	448,523
Mine general expenses .....	152,210	151,197
Administrative expenses .....	36,587	32,194
	<u>1,376,264</u>	<u>1,363,312</u>
MINE OPERATING PROFIT BEFORE THE FOLLOWING CHARGES .....	750,445	89,332
Deduct:		
Depreciation of fixed assets (note 5) .....	210,679	208,855
Amortization of preproduction expense .....	292,023	317,529
Deferred development — portion written off .....	138,014	96,506
Amortization of debenture discount and expenses .....	15,927	15,927
Outside exploration — portion written off .....	—	2,323
Interest on debentures and loans .....	132,966	162,114
Provincial mining tax .....	4,205	—
	<u>793,814</u>	<u>803,254</u>
NET LOSS FOR THE YEAR .....	<u>43,369</u>	<u>713,922</u>



# ATLANTIC COAST COPPER CORPORATION LIMITED

## Notes to Financial Statements

For the Year Ended December 31, 1965

### 1. FIXED ASSETS

Plant and equipment and related accumulated depreciation are classified as follows:

	Cost \$	1965 Accumulated depreciation \$	Net \$	1964 Net \$
Buildings and machinery .....	1,957,634	831,839	1,125,795	1,180,885
Tools and equipment .....	302,862	138,086	164,776	175,818
	<u>2,260,496</u>	<u>969,925</u>	<u>1,290,571</u>	<u>1,356,703</u>

### 2. SINKING FUND DEBENTURES

(a) The principal, interest and sinking fund payments due under the debenture agreement are unconditionally guaranteed by the Province of Newfoundland.

(b) The Province of Newfoundland holds a first mortgage on all real and immovable property, and in addition is permitted to hold a first floating charge on all other property and assets during the period when any obligations under the debenture agreement are not satisfied.

(c) Annual sinking fund requirements are as follows:

1966 and 1967 .....	\$200,000
1968 and 1969 .....	300,000

(d) A distribution of assets or payment of dividends may not be made without the consent of the Province of Newfoundland while any of the debentures are outstanding.

### 3. RESERVATIONS OF CAPITAL STOCK

During the year 500,000 shares were issued for \$600,000 cash under an underwriting agreement effective October 29, 1964. Under this agreement options are still outstanding on two additional blocks of 100,000 shares at \$1.50 per share and 200,000 shares at \$1.75 per share and were extended to January 29, 1966 and April 29, 1966 respectively. To date the option on the first 100,000 shares has been exercised.

### 4. CONTRACTUAL COMMITMENT

The company has a contract to pay an annual minimum amount of \$212,500 for electrical power until the longer of 1967 or the life of the mine up to 1971.

### 5. DEPRECIATION

In addition to the depreciation of fixed assets shown in the statement of earnings, \$2,438 has been charged to operations during the year for depreciation of automotive equipment.

# ATLANTIC COAST COPPER CORPORATION LIMITED

## Statement of Source and Use of Funds

For the Year Ended December 31, 1965

	1965	1964
	\$	\$
<b>SOURCE OF FUNDS</b>		
Net loss for the year .....	43,369	713,922
Less: Charges not requiring cash outlay —		
Depreciation of fixed assets .....	213,117	212,658
Amortization of preproduction expense .....	292,023	317,529
Outside exploration — portion written off .....	—	2,323
Amortization of debenture discount and expenses ..	15,927	15,927
Deferred development — portion written off .....	138,014	96,506
	<u>659,081</u>	<u>644,943</u>
	615,712	( 68,979)
Proceeds of issue of shares .....	600,000	437,498
Decrease in inventory of materials and supplies .....	11,633	—
	<u>1,227,345</u>	<u>368,519</u>
<b>USE OF FUNDS</b>		
Additions to fixed assets — net .....	146,812	21,214
Deferred development .....	123,042	115,805
Outside exploration .....	2,334	1,736
Payment on sinking fund debentures .....	200,000	200,000
Increase in inventory of materials and supplies .....	—	32,091
	<u>472,188</u>	<u>370,846</u>
INCREASE (DECREASE) IN WORKING CAPITAL .....	755,157	( 2,327)
DEFICIENCY OF WORKING CAPITAL — BEGINNING OF YEAR ..	661,582	659,255
WORKING CAPITAL (DEFICIENCY) — END OF YEAR .....	<u>93,575</u>	<u>( 661,582)</u>



**MCDONALD, CURRIE & CO.**

CHARTERED ACCOUNTANTS

INTERNATIONAL FIRM  
COOPERS & LYBRAND

TELEPHONE 366-2551  
100 UNIVERSITY AVENUE  
TORONTO 1, CANADA

February 18, 1966

**AUDITORS' REPORT TO THE SHAREHOLDERS**

We have examined the balance sheet of Atlantic Coast Copper Corporation Limited as at December 31, 1965 and the statements of earnings, deficit and source and use of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of earnings, deficit and source and use of funds, when read in conjunction with the notes thereto, present fairly the financial position of the company as at December 31, 1965 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*McDonald, Currie & Co.*

CHARTERED ACCOUNTANTS

## MINE MANAGER'S REPORT

Springdale, Newfoundland  
March 24th, 1966.

The President and Directors  
Atlantic Coast Copper Corporation Limited

Gentlemen:

A report on operations for the year ended 31 December 1965 is submitted herewith:—

### Production

A summary for the year with comparative figures for 1964, is as follows:—

	1965	1964
Ore treated .....	292,023 tons	317,529 tons
Average daily milling rate .....	800.0 tons	867.6 tons
Average grade .....	1.101 % Cu	0.8930 % Cu
% time mill operated .....	90.33 %	95.4 %
Recovery .....	95.13 %	93.8 %
Concentrate produced .....	10,862 tons	9,931 tons
Concentrate grade .....	28.097 % Cu	26.80 % Cu
Contained copper .....	6,103,787 pounds	5,322,450 pounds
Contained gold .....	543 ounces	665 ounces

### Mining

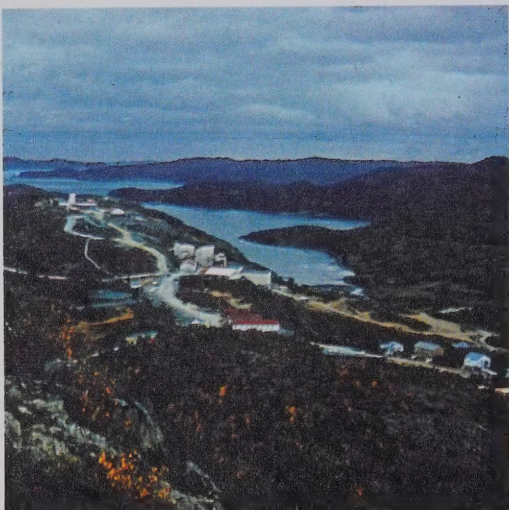
Ore production for the year was 309,525 tons, 67% from stopes on the 1150 level, 22% from stopes on the 1350 level, and 11% from level development on the 1350.

Average grade increased 23% over that of the previous year. Further improvement is anticipated in 1966.

The bottom of the previous mine workings has been determined at eighty feet above the 1350 level. Less dilution is expected when mining is started below that horizon.

Operating costs per ton treated were as follows:—

Development .....	\$ .588
Diamond drilling .....	.109
Mining .....	1.967
Milling .....	1.398
Surface and general .....	.521
General administration .....	.125
Total .....	\$ 4.708



General view of Little Bay area featuring mine and milling plant.



Stope and level development was almost finished on the 1350 level and thirty per cent completed on the 1500 level.

Sinking of the main shaft was continued to the 1786 horizon and another station was established at 1650 .

A summary of development work with comparative figures for 1964 follows:—

	1965	1964	Cumulative to. 31 Dec. 1965
Drifting .....	3,890.0'	3,218.0'	20,206.0'
Crosscutting .....	1,152.0'	2,618.0'	11,511.0'
Miscellaneous excavations .....	210.0'	213.0'	1,294.0'
Raising and boxholing .....	2,776.0'	2,806.0'	11,666.2'
Shaft sinking .....	226.0'	86.0'	1,786.0'
Station cutting .....	65.0'	84.0'	477.3'
Total .....	8,319.0'	9,025.0'	46,940.5'
Underground diamond drilling ..	9,810.0'	16,776.0'	102,808'

### Milling

There were no significant changes in this department. Some improvement was made in overall recovery and in the final concentrate grade. Operating time was down with a corresponding drop in the tonnage treated. Most of the lost time was due to circumstances outside the unit.

### Exploration

On the mine property five diamond drill holes were drilled from surface to test a length of 900 feet lying 700 feet east of, and along the strike of, the main ore zone. Results of this work were negative.

No underground exploration was done outside the main ore zone.

### General

The headframe over the main shaft was replaced with a new 90 foot unit and a 300 ton bin was built into the structure for ore storage ahead of the primary crusher. Provision was also made for waste disposal.

The main shaft hoist was replaced with one having 50% greater rope pull and increased hoisting speed.



New headframe in process of erection over the old structure.

